# Atlantic Canada Opportunities Agency

# Performance Report

**For the**
**Period ending**
**March 31, 2000**

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**Minister of Industry**

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**Topical Index**

# List of Acronyms

| | |
|---|---|
| **ABDI** | Aboriginal Business Development Initiative |
| **ABSN** | Aboriginal Business Service Network |
| **ACCED** | Atlantic Colleges Committee for Entrepreneurial Development |
| **ACTP** | Atlantic Canada Tourism Partnership |
| **AIP** | Atlantic Investment Partnership |
| **APEC** | Atlantic Provinces Economic Council |
| **BDP** | Business Development Program |
| **BMP** | Business Management Practices |
| **CAS** | Consulting Advisory Service |
| **CBDC** | Community Business Development Corporation |
| **CBSC** | Canada Business Service Centre |
| **CEAA** | Canadian Environmental Assessment Agency |
| **CED** | Community Economic Development |
| **CEDO** | Community Economic Development Organization |
| **CFAR** | Canadian Fisheries Adjustment and Restructuring Initiative |
| **CFI** | Canadian Foundation for Innovation |
| **CRP** | Canadian Rural Partnership |
| **CSA** | Canadian Space Agency |
| **DND** | Department of National Defence |
| **ECBC** | Enterprise Cape Breton Corporation |
| **EMS** | Environmental Management System |
| **ERA** | Economic Renewal Agreement |
| **FDI** | Foreign Direct Investment |
| **IRB** | Industrial and Regional Benefits |
| **ISBCI** | Institute of Small Business Counsellors Inc. |
| **LSIP** | Life Sciences Industries Partnership |
| **NRC** | National Research Council Canada |
| **NSERC** | Natural Sciences and Engineering Research Council of Canada |
| **PWGSC** | Public Works and Government Services Canada |
| **REDA** | Regional Economic Development Agreement |
| **REDB** | Regional Economic Development Board |
| **ROI** | Return on Investment |
| **SBLA** | Small Business Loans Act |
| **SDS** | Sustainable Development Strategy |
| **SME** | Small- and Medium-Sized Enterprise |

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# Executive Summary

In 1999-2000, ACOA marked its thirteenth year of working in cooperation with Atlantic Canadians to increase economic development opportunities for the region.

ACOA's primary contribution to the government priority of building a better quality of life for all Canadians is made through efforts to foster a dynamic economy throughout Atlantic Canada. ACOA's success in this regard is strongly reflected by the performance of small- and medium-sized enterprises (SMEs) assisted by the Agency. For example: employee payrolls over the periods 1989-1994 and 1994-1997 for ACOA clients have increased by 27% and 17% respectively, compared to 9% over both periods for Atlantic firms as a whole. Similarly, during the same time frames, ACOA client firms have consistently outperformed Atlantic firms generally in job creation, with net employment growth of 15% compared to 8% for all Atlantic firms. In addition, the five-year survival rate of new start-ups for ACOA-supported firms is 61% compared to only 24% for all Atlantic firms. These kinds of impacts have resulted in the creation or maintenance of 11,400 jobs in Fiscal Year 1999-2000.

ACOA had three broad goals in Fiscal Year 1999-2000:

- improved growth and competitiveness of Atlantic SMEs;
- increased economic opportunities for rural Atlantic Canada; and,
- greater economic activity through national policies sensitive to the needs of the region.

The achievement of these three broad goals was pursued largely within the context of ACOA's six strategic priorities:

- policy, advocacy and coordination;
- innovation;
- trade, tourism and investment;
- entrepreneurship and business skills development;
- community economic development; and,
- access to capital and information.

This Performance Report lays out ACOA's key commitments in each area, summarizes performance accomplishments and relates the core financial data relating to Agency activities.

This Report is available on ACOA's website: http://www.acoa-apeca.gc.ca

# Section I - Messages

## 1. Minister's Portfolio Message

Canada stands at the threshold of the new century as a world leader in the new economy, an economy fundamentally different from that of even ten years ago. In the past decade, we have seen unprecedented changes around the world, and Canada has moved quickly to take advantage of the opportunities offered. The forces of globalization mean that we are no longer competing locally, or even regionally, but with economies around the globe. And the pace of change has accelerated at a dizzying speed. New electronic communications and information technologies have hastened our transformation into a knowledge-based economy, where skilled workers are our most significant resource and innovation is the key to success. Canada is in the vanguard of this, and our economy is strong and dynamic.

*The Industry Portfolio is ...*

Atlantic Canada Opportunities Agency
Business Development Bank of Canada*
Canadian Space Agency
Competition Tribunal
Copyright Board Canada
Canada Economic Development for Quebec Regions
Enterprise Cape Breton Corporation*
Industry Canada
National Research Council Canada
Natural Sciences and Engineering Research Council of Canada
Social Sciences and Humanities Research Council of Canada
Standards Council of Canada*
Statistics Canada
Western Economic Diversification Canada

**Not required to submit Performance Reports*

The Government of Canada identified the challenges and opportunities of the new economy at an early stage, and we have been following a clear plan to capture its benefits for all Canadians. A key element of this agenda is investing in research and knowledge, and strengthening Canada's capacity for innovation, in order to increase productivity and to create well-paying jobs to improve our standard of living. We are also investing heavily in human resources, developing the knowledge workers we will need for the economy to continue to thrive, and fostering an entrepreneurial business climate. And we are working to make Canada the most connected country in the world, to maintain our position as a leader in the use of the Internet.

As Minister of Industry, I am responsible for the Industry Portfolio which consists of fourteen departments and agencies that play a key role in delivering on the government's agenda. With over 40% of federal government spending on science and technology, and a wide range of complementary programs to help businesses both large and small thrive and prosper, the Industry Portfolio represents a powerful toolkit for the government as it leads Canada's transition to the new knowledge-based economy and society.

I am pleased to present this Performance Report for the Atlantic Canada Opportunities Agency, which shows its contribution to the government's agenda by setting out the commitments made in its Report on Plans and Priorities, and its success in meeting them over the 1999-2000 fiscal year. The Atlantic Canada Opportunities Agency's contribution to the government's priority of building a dynamic economy is amply demonstrated by the performance of those small- and medium-sized Atlantic Canadian enterprises assisted by the Agency. ACOA clients have consistently outperformed all Atlantic firms in job creation. The five-year survival rate of new businesses assisted by ACOA is 61% compared to only 24% for all Atlantic firms. In the past year Agency programs have resulted in the creation or maintenance of more than 11,000 jobs. With ACOA support, productivity and income is higher for Atlantic exporters, employment growth in the tourism sector is greater, and rural clients have easier access to capital and business information. And as a result of the new Atlantic Investment Partnership, the Atlantic region is now poised to benefit more directly from, and overcome the challenges associated with, the knowledge-based economy.

Working together to invest in our people and our future, we are making our country a stronger and more prosperous place for all Canadians. I am proud of the Industry Portfolio's significant contributions toward meeting these government priorities.

The Honourable John Manley

## 2. Secretary of State's Message

The Atlantic Canada Opportunities Agency (ACOA) exists to support and promote new opportunities in the Atlantic provinces – to, in effect, work in partnership with the people of the region towards long-term, sustainable economic development; to enhance the growth of earned incomes and good, new jobs.

ACOA works to ensure that a wide variety of business development tools and resources serve the diverse needs of the region's small- and medium-sized businesses (which account for the bulk of new employment in the Atlantic provinces); and to ensure that economic development programs and activities in Atlantic Canada are coordinated and designed to improve the climate for business growth generally.

This report reviews the results achieved by the Agency and its partners.

ACOA programming has helped create and maintain thousands of new jobs, and helped hundreds of small- and medium-sized businesses survive and prosper. The Agency's recent policy research on the knowledge-based economy has provided input into the Agency's strategic planning process and the federal government's Atlantic Investment Partnership (AIP). Its advocacy efforts have resulted in more targeted federal economic policy in the region as evidenced by the new AIP. In total, $165 million in industrial and regional benefits (IRB) have accrued to the region over the past fiscal year.

As a result of providing better access to capital and information, ACOA has assisted approximately 1,000 SMEs create jobs. The Agency has also assisted in the start-up of 900 new businesses among young entrepreneurs, exceeding the target of 750 for the period 1997-2000.

In 1999-2000, ACOA helped in the establishment of the Collective Enterprise Development Program by the Newfoundland and Labrador Federation of Cooperatives under the Canada/Newfoundland Comprehensive Economic Development Agreement. This initiative is providing micro loans and advisory services to individuals seeking self-employment opportunities. The Agency has also worked to support the establishment of 30 new research-private sector partnerships and four international R&D partnerships. In the field of trade and export, more than 500 small companies have participated in Agency-sponsored export readiness training.

These are only some of the many objectives met or exceeded by ACOA. The Agency's approach in Atlantic Canada is necessarily strategic as it works with many partners in the provincial governments, the research and academic communities, the community

economic development field and the private sector to achieve clear and specific results in areas of entrepreneurship and business skills development; community economic development; innovation; trade, tourism and investment; access to capital and information; and, policy, advocacy and coordination.

ACOA will continue to work in cooperation with a wide variety of stakeholders in the region to ensure that Atlantic Canadians benefit from the tools and resources necessary to help them compete successfully in a global economy.

The Honourable George Baker, P.C., M.P.
Secretary of State
Atlantic Canada Opportunities Agency

# Section II - Departmental Performance

## A Societal Context

### 1. Objective

The objective of the Atlantic Canada Opportunities Agency is to support and promote new opportunities for economic development in Atlantic Canada, with particular emphasis on small- and medium-sized enterprises (SMEs), through policy, program and project development and implementation and through advocating the interests of Atlantic Canada in national economic policy, program and project development and implementation.

### 2. Strategic Priorities

The Agency's strategic directions focus on the creation and growth of SMEs, on overcoming barriers to growth, on fostering a development environment and on areas of special opportunities.

**The Strategic Priorities are:**[1]

- Policy, Advocacy and Coordination
- Innovation
- Trade, Tourism and Investment
- Entrepreneurship and Business Skills Development
- Community Economic Development
- Access to Capital and Information

Strategic Priorities are linked to clients through the following major programs:

**Agency Programs:**

- Business Development
- COOPERATION
- Canada Business Service Centres
- Adjustment Programs
- Community Futures

[1] Further information on the Agency's strategic priorities and programs may be found in the 1999-2000 Report on Plans and Priorities.

**Description of Strategic Priorities and Programs**

**i) Strategic Priorities**

- *Policy, Advocacy and Coordination:*

  To provide a targeted program of policy research to improve the understanding of issues and build consensus; to advocate Atlantic interests in federal policy and ensure coordination of government initiatives.

- *Innovation:*

  To strengthen the innovation performance of SMEs through development and commercialization of new technologies and growth of strategic sectors.

- *Trade, Tourism and Investment:*

  To increase the number of new exporters and increase sales of existing exporters; to increase foreign investment in the region; to support the tourism industry to increase growth.

- *Entrepreneurship and Business Skills Development:*

  To contribute to an increase in the number of Atlantic Canadians who choose to start their own business and improve SME chances for survival and growth.

- *Community Economic Development:*

  To help communities plan and realize their own economic opportunities and ensure that ACOA activities address rural economic development priorities.

- *Access to Capital and Information:*

  To provide greater access to capital and information for SMEs; to address gaps in those financing areas traditional lenders consider higher risk, with a focus on strategic sectors and most affected groups (e.g., youth and Aboriginal peoples).

**ii) Programs**

*Business Development Program (BDP):*

- assistance to SMEs to establish, expand or modernize;
- interest-free; unsecured loans.

*COOPERATION Program:*

- comprehensive, federal-provincial, cost-shared agreements;
- strategic investment benefiting an industry, a sector, a community and/or a province.

*Canada Business Service Centres:*

- provision of business-related services and information products to SMEs and aspiring entrepreneurs;
- a 1-800 telephone service, Internet communications, fax and walk-in services.

*Adjustment Programs:*

- assistance to communities in development of alternative employment opportunities in response to significant shocks such as the downturn in the Atlantic groundfish industry, base closure adjustment and Borden-Cape Tormentine redevelopment.

*Community Futures:*

- autonomous, not for profit Community Business Development Corporations (CBDCs) are supported by ACOA to help entrepreneurs in rural areas to access the information, advice and capital required to succeed.

As well, ACOA's objective and strategic priorities reflect the goals and directions of the government as articulated in the October 1999 *Speech from the Throne.* Achievements are measured against the government-wide priorities as shown in the figure below.

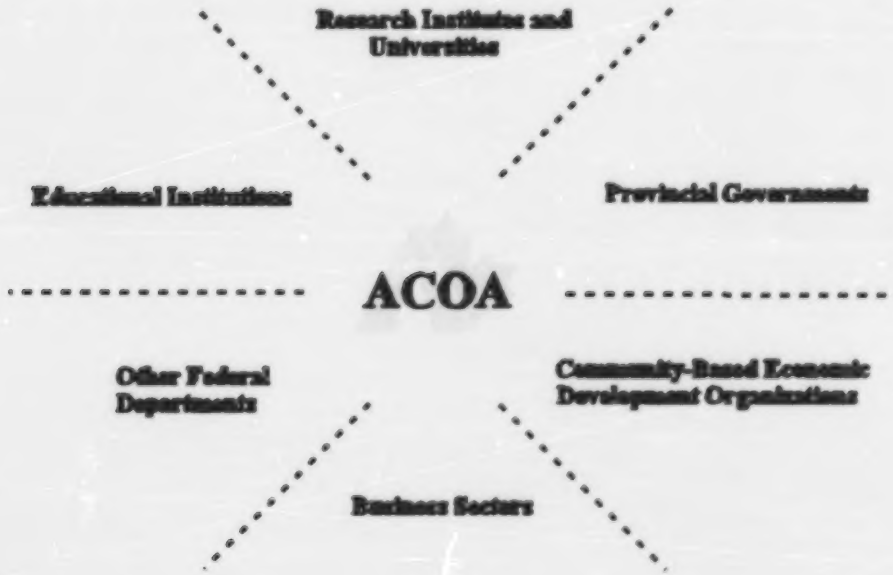
## Government and Agency's Strategic Priorities

| Government's 1999 Priorities: | ACOA's Strategic Priorities/Projects: | Achievements Reported on Pages: |
|---|---|---|
| Strong and United Canada - Recognize Linguistic Duality | 1998-2000 Action Plan - Section 41 Official Languages Act | 52-53 |
| Youth | Entrepreneurship and Business Skills Development | 17-21 |
| Dynamic Economy | Economic Development | 13-14 |
| | Access to Capital and Information | 16 |
| | Entrepreneurship and Business Skills Development | 23-24 |
| | Innovation | 24-26 |
| | Community Economic Development | 35-40 |
| The Environment | Sustainable Development Strategy (SDS) | 51-52 |
| Aboriginal People | Entrepreneurship and Business Skills Development | 21-23 |
| Canada's Place in the World | Trade, Tourism and Investment | 27-32 |

## 3. Key Co-delivery Partners

Regional economic development is a long-term, multi-dimensional undertaking involving a wide variety of stakeholders.

ACOA's approach is based on the partnerships it has forged with the business community (SMEs and business associations), the provincial governments, other federal departments and agencies, educational institutions, and various public and Community-Based Economic Development (CBED) organizations.



## 4. Social and Economic Factors

Over the past decade, pressures have been exerted against Atlantic Canada's rural and resource-based economy by such forces as a groundfish moratorium, fluctuating commodity prices and a globalizing economy where knowledge has become the greatest competitive asset.

Although Atlantic Canada has experienced several years of strong economic growth, the region's unemployment rate remains higher than in Canada as a whole. Participation and employment rates are lower than at the national level, especially in the region's rural areas. Productivity levels are also lower, resulting primarily from poor training efforts, a low rate of technology adoption and per capita research and development which is also below national levels.

Over this same period, innovation has become one of the major forces driving the new economy. Innovation is the rapid development and commercialization of new products and services in new and existing markets. This process requires a robust research and development infrastructure, a dynamic entrepreneurial culture, strong links to world export markets and a healthy private and public sector investment climate. Innovation tends to coalesce around industrial clusters such as the information technology clusters in California, Massachusetts and Ottawa which link researchers to suppliers, to producers, to marketing specialists, and eventually, to customers.

With its many universities and research institutes, expanding entrepreneurial culture, increasingly export-oriented economy and growing knowledge-based sectors, Atlantic Canada has many of the ingredients required to take advantage of these new economic developments. However, in order for the region to become more competitive, new investments are required to boost the region's research and development capacity and to ensure that both the region's entrepreneurial culture and international trade orientation continue to thrive.

Rural areas are a vital part of Atlantic Canada and are also being influenced by the knowledge-based economy. Rural Atlantic Canada is adapting to these new economic realities by applying the innovation process to more traditional, resource-based industries, and by concentrating efforts at developing new sectors such as advanced manufacturing or aquaculture. Whatever the strategy chosen, rural communities need the tools and the resources to be able to plan and take control of their economic future. This process is known as community economic development.

As the federal government's lead department for economic development initiatives in Atlantic Canada, ACOA must assist the region in making its economy more knowledge-intensive. This will require building on the success of ACOA's existing programs which facilitate access to capital and information for businesses and economic development organizations. In order to help the Atlantic region overcome some of the challenges of the knowledge-based economy, the federal government has launched the Atlantic Investment Partnership (AIP) with clearly identified priorities in innovation, community economic development, entrepreneurship and trade. The implementation of the AIP will require a high level of cooperation between ACOA, other federal departments, provincial governments, universities, the private sector and communities all across the region.

## B Performance Results Expectations and Chart of Key Results Commitments

### Chart of Key Results Commitments

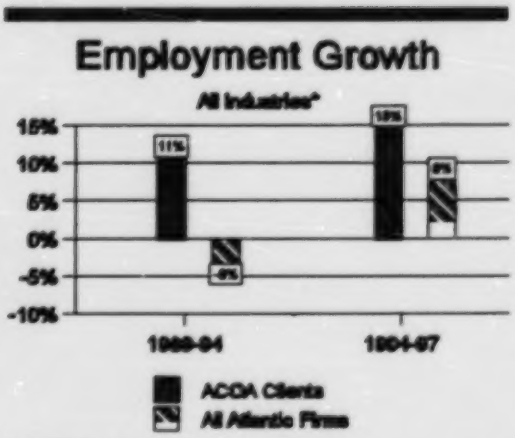
| to provide Canadians with: | to be demonstrated by: | Strategic Priority (page number): |
|---|---|---|
| Improved growth and competitiveness of Atlantic small- and medium-sized enterprises, leading to increased productivity, earned incomes and job creation.<br><br>Resources: $163.4M | • Employment and new business start-ups as a result of access to capital for Atlantic SMEs.<br>• Increased opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship education.<br>• Participation in programs addressing the special entrepreneurship needs of groups such as Aboriginal peoples and youth.<br>• Enhanced SME owner/operator management skills.<br>• Development and commercialization of new technologies; enhanced technology skills and growth of strategic sectors.<br>• Increased profitability, investment and wages in the tourism sector.<br>• More SMEs engaged in export activity; more export-ready SMEs; existing exporters selling more and to a diversified set of markets.<br>• Increase in foreign direct investment (FDI) in the Atlantic region. | • Access to Capital and Information (16)<br>• Entrepreneurship and Business Skills Development (17-20)<br>• (21-23)<br>• (23)<br>• Innovation (24-26)<br>• Trade, Tourism and Investment (27-29)<br>• (30-31)<br>• (32) |
| Economic opportunities for rural Atlantic Canada through community economic development (CED).<br><br>Resources: $75.6M | • Support to rural communities in developing and implementing strategic and operational plans to create self-sustaining economically viable communities.<br>• Expanded access to government business services (financing, counselling and information).<br>• Increased number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations (CBDCs).<br>• Communities' self-development and alternative employment in areas affected by the closure of the Atlantic groundfish fishery. | • Community Economic Development (35-36)<br>• (36-38)<br>• (39)<br>• Adjustment (39-40) |
| Greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region.<br><br>Resources $1.8M | • Coordinated action by key stakeholders on a contemporary policy framework for economic development resulting in improved productivity.<br>• Active pursuit and promotion of Atlantic Canada's interests in respect of national policies, programs, issues and procurement.<br>• Coordination of economic development activities and functions in Atlantic Canada. | • Policy, Advocacy and Coordination (41-42)<br>• (43-44), (46-47)<br>• (44-45) |
| Total Resources $240.8M | (NB. Resources are for key activities only and are based on 2000-2001 Estimates) | |

## C Performance Accomplishments

### 1. Economic Development

*Job Growth:*

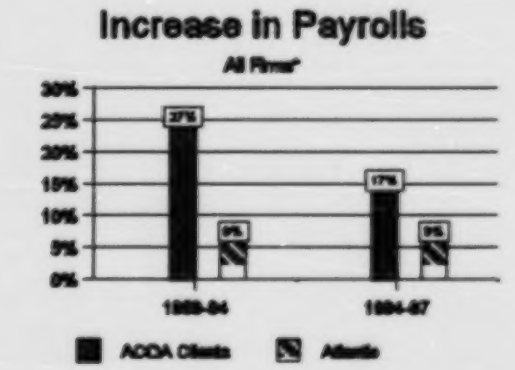
ACOA-assisted firms have consistently outperformed Atlantic firms overall in job creation. This was the case in the weak economic environment of the early 1990s and more recently from 1994 through 1997, when net employment growth among ACOA-assisted firms was 15% compared with 8% for all firms.




* Excludes government service industries.
Source: Statistics Canada, Employment Dynamics

*Earned Income:*

On the basis of Statistics Canada data, the payroll for all Atlantic firms increased by 9% over both the 1989-1994 and 1994-1997 periods as compared to increases of 27% and 17% respectively for ACOA clients.




* Excludes government service industries
Source: Statistics Canada, Employment Dynamics

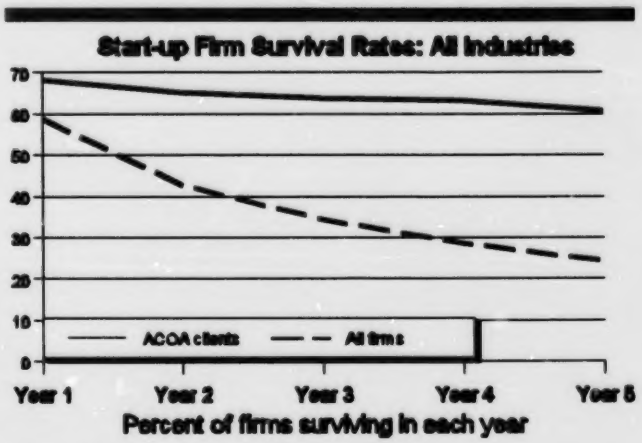
*Overall Employment Impact for 1999-2000:*

For 1999-2000, ACOA programming is estimated to have created or maintained 11,400 jobs. This estimate includes only jobs associated with incremental projects.[2] Also, the figure includes indirect and induced employment resulting from the spending of assisted companies and their employees. These impacts have been estimated using the Conference Board of Canada's model of the Atlantic economy.

*Survival Rates for ACOA-Assisted Firms:*

After one year of operation, some 68% of ACOA-assisted start-up companies survive compared with 59% of all firms. After five years, the survival rate for ACOA-assisted companies is still high at about 61%, but drops to only 24% for all firms (see chart).

The pattern of survival is broadly similar across sectors, but small companies (with less than 20 workers) benefit more from ACOA assistance. Small, ACOA-assisted firms have a survival rate of 71% after five years compared with 24% for all firms of the same size.




Source: Statistics Canada Employment Dynamics

[2] The Auditor General, in his report dated November 1995, Chapter 18, defines an incremental project as one which would likely "not have proceeded with the same scope, at the same time and in the same location without government assistance". Independently conducted surveys of clients by Statistics Canada found that 95% of projects could not have proceeded as planned. A follow-up survey by ACOA of viable projects refused support revealed that 91% did not go ahead as planned. The Auditor General's 1995 comprehensive audit of ACOA determined that 81% of cases did not have sufficient means to raise the necessary funds for the proposed project. For the purposes of assessing impact, the Agency used a conservative incrementality factor of 67%, meaning that for every 100 jobs generated by assisted projects, only 67 are actually reported.

## 2. Departmental Accomplishments by Business Line

ACOA divides its activities into two business lines. The Development Business Line comprises the majority of the Agency's work while the Corporate Administration Business Line represents only 4.5% of the Agency's yearly budget.

ACOA's accomplishments for the development business line are grouped according to the Agency's three key commitments in *Managing for Results, 1999*, the President of the Treasury Board's Annual Report to Parliament. These are to provide Canadians with:

1) improved growth and competitiveness of Atlantic small- and medium-sized enterprises (SMEs), leading to increased productivity, earned incomes and job creation;

2) economic opportunities for rural Atlantic Canada through community economic development; and,

3) greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region.

## Performance in the Development Business Line:

*1) Improved growth and competitiveness of Atlantic small- and medium-sized enterprises, leading to increased productivity, earned incomes and job creation.*

### a. Access to Capital and Information

| Aim: | Expectation: | Results: |
|---|---|---|
| Employment and new business start-ups as a result of access to capital for Atlantic SMEs. | Assist approximately 1,000 SMEs to create jobs as a result. | Target Achieved. |
| Encourage formation of additional private sector investment funds. | At least two more funds operating in region. | Target Achieved. |

**Accomplishments**

Last year, 989 SMEs received assistance under the Business Development Program (BDP) for a total of $119 million in authorized assistance. It is expected that this direct support to SMEs will result in over 4,700 jobs created (64%) or maintained (36%). This estimate is adjusted for incrementality, and for indirect and induced job impact.

ACOA assisted in the establishment of the Collective Enterprise Development Program by the Newfoundland and Labrador Federation of Cooperatives under the Canada/Newfoundland Comprehensive Economic Development Agreement. This program provides micro loans and advisory services for individuals looking for self-employment opportunities through membership in cooperatives and business credit groups (peer lending).

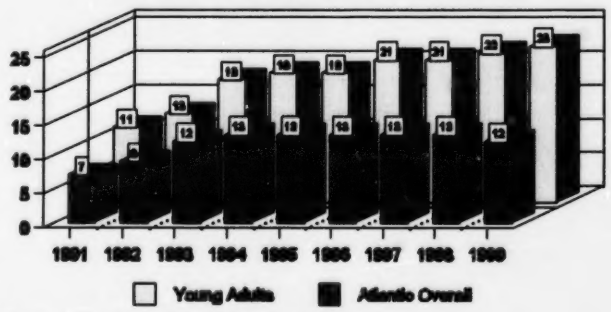
Also, under the Canadian Fisheries Adjustment and Restructuring (CFAR) Initiative in Newfoundland, $10 million has been allocated toward the creation of about 15 Community Development Funds in fishery-affected areas.

**b. Increased opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship education**

| Aim: | Expectation: | Results: |
|---|---|---|
| Foster an entrepreneurial culture through promotion of entrepreneurship and small business. | Achieve an "intent to start a business" of 18% for the Atlantic Canadian population by the year 2000. | Atlantic Canada reached a level of 13% in 1999. However, the level for young adults reached 23%. |

**Accomplishments**

In the past, the Agency has focussed on tracking the "intent to start a business" among the region's general population. This indicator has almost doubled since 1991, moving from 7% in 1991 to the 12-13% range in 1999. In view of the federal government's youth strategy, ACOA has shifted its entrepreneurship promotion and development focus to younger Atlantic Canadians. Correspondingly, closer tracking of the "intent factor" is being done among young adults between 18 and 34 years old. In the early 1990s, some 11% of young Atlantic Canadians indicated an interest in starting a business within the next two years. In November 1999, that indicator had climbed to 23%. Although the Agency alone cannot take full credit for this rise in entrepreneurial spirit, it is nonetheless possible to associate these positive results with a number of initiatives designed to promote entrepreneurship and small business ownership.



Source: Corporate Research Associates

Examples of entrepreneurship promotional activities fostered by ACOA and which played important roles in forming positive attitudes about entrepreneurship include two television series *Temps d'Affaires* and *Leading Edge*. A new publication *Making It Your Business* profiled young entrepreneurs as role models. A travelling kiosk, *YouCorp*, visited high schools and colleges across Atlantic Canada. This kiosk was

visited by 4,500 secondary and post-secondary students. Also, several vignettes on young entrepreneurs aired in the national television CBC production, *Street Cents*.

In addition, approximately 100 young entrepreneurs from across Atlantic Canada participated in the "Spirit of Entrepreneurship 2000" conference during which they took part in two days of business skills development workshops.

ACOA commissioned a series of focus groups with young people from across Atlantic Canada. The purpose was to develop a better understanding of how young people perceive entrepreneurship and identify ways that government can best meet their need for information.

**b. Increased opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship education (continued)**

| Aim: | Expectation: | Results: |
|---|---|---|
| Contribute to the development of Entrepreneurship Networks. | Assist the Atlantic Colleges Committee for Entrepreneurial Development (ACCED) in the implementation of a region-wide strategy. | Participation in the establishment of a three-year plan. |
| Increase entrepreneurship education, orientation and training opportunities. | Increased exposure to entrepreneurship/enterprise curriculum by the year 2000 for the majority of kindergarten to grade 12 students. | Target exceeded. |
| | An increase in the number of students/youth involved in venturing programs to 1,200 per year by 2000-2001. | Progress as expected. Approximately 1,100 young people participated in business venturing programs in 1999-2000. |
| | Fifty Small Business Counsellors certified by the Institute of Small Business Counsellors Inc. (ISBCI) in 1999-2000. | Target not achieved in 1999, but project appears on-track to reach 2000 target. |
| Contribute to the base of knowledge and understanding regarding entrepreneurship development practices and SME trends in the region. | A research study to determine what is required for development organizations to better assist women in achieving their entrepreneurial potential. | A stakeholder meeting on Entrepreneurship Development for Women resulted in the identification of needs of women entrepreneurs and of organizations focussed on female entrepreneurship; and, some prescriptions to address the needs. |

**Accomplishments**

ACOA and several partners have developed a three-year plan for ACCED to establish a wide-reaching network of instructors, students, entrepreneurs, service providers and other supporters of entrepreneurship development.

Some 218 college instructors have now taken special in-servicing sessions on entrepreneurship and this should help some 4,400 students. The goal of having 500 instructors in-serviced will likely be met at the end of 2000.

Through a number of projects with the Atlantic Provinces Education Foundation, which represents the four provincial education departments, ACOA has invested in the development of entrepreneurship educational resources and related teacher training. With the introduction this year of more new resources developed jointly by ACOA and its provincial partners, the provincial departments of education estimate that 250,000 students from kindergarten to Grade 12 have the opportunity to be exposed to entrepreneurial values and concepts in the classroom. This represents over 60% of the total public school student population. An evaluation of Entrepreneurship 12[3] offered in approximately half of Nova Scotia high schools found that 16% of students not still in school were running their own business, a figure higher than that found by other studies.

Although 14 Small Business Counsellors were certified in June 1999, ISBCI certifications results in 1999 were slightly lower than projected due to the re-organization of the ISBCI. However, the results so far for the year 2000 are very good and appear to be on track. Thirty-five small business counsellors were certified in June with the potential for another 20 certifications this fall.

An Atlantic Research Committee on Entrepreneurship Development for Women has been formed and a preliminary literature review is currently underway. Further research on women entrepreneurs will follow.

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[3] Chaytor Educational Services, *Growing an Entrepreneurial Culture*, May 2000

### c. Participation in programs addressing the special entrepreneurship needs of groups such as Aboriginals and youth

| Aim: | Expectation: | Results: |
|---|---|---|
| To provide financial, training and counselling programs and more models and mentors for young entrepreneurs. | 750 new businesses and ensuing jobs for young entrepreneurs over the period 1997-2000. | Target exceeded. |

**Youth:**

The Agency continued its partnership with organizations such as the Community Business Development Corporations (CBDCs), the Economic Commissions and the University Business Development Centres in the provision of capital financing, mentoring and business training for young people throughout Atlantic Canada, especially by means of ACOA's Young Entrepreneurs ConneXion Seed Capital and Counselling Program. These partnerships have resulted in approximately 500 loans totalling close to $4 million to young Atlantic Canadians in 1999-2000. Lending activity in 1999-2000 is expected to create or maintain nearly 900 jobs. This estimate is adjusted for incrementality and indirect and induced job impact. Over 900 new businesses have been assisted over the 1997-2000 period, exceeding the target.

An independent review of the program[4] confirmed that it was meeting the needs of young entrepreneurs wishing to start a business and was creating employment for a loan amount of $5,800 per job and an administrative and training cost of $1,800 per job.

The review indicated the need for improvement in areas of training, counselling and mentoring. ACOA is now working with stakeholders to improve these components of the program.

[4] Collins Management Consulting and Research Ltd. *A Review of ACOA's Seed Capital ConneXion Program for Young Entrepreneurs*, July 1999.

**Aboriginal peoples:**

As part of ACOA's commitment to the federal government's Aboriginal Business Development Initiative (ABDI) the Aboriginal Business Service Network (ABSN) will be implemented in all 31 reserves in Atlantic Canada, plus an additional six Inuit and Metis communities in Labrador and four "Off-reserve" organizations (for a total of 41 sites). It is expected that the ABSN network will be fully deployed by the end of the current fiscal year.

In Nova Scotia, ACOA and the provincial government have continued to work closely with the Mi'kmaq community through the Economic Development Committee of the Tripartite Forum. Significant developments in the past year include approval of a First Nations Economic Development Fund. A recent review of the Tripartite Forum recommended changes for improvement. A working group will be formed from all levels of government and municipal, provincial, federal and administrative duties will be streamlined.

In Labrador, ACOA is playing an increasingly supportive role in Aboriginal development. In the past, the focus of Labrador Aboriginal communities has been on capturing benefits from mega-development opportunities. There has now been a shift towards more local, smaller scale development—from within. Particular areas include fishing, quarry expansion and forestry opportunities. With the establishment of a new Regional Economic Development Board (REDB) for northern Labrador, there has been renewed interest in the zonal approach to community economic development.

Senior levels of government in New Brunswick involved in the Joint Economic Development Initiative, have taken steps to increase their role in Aboriginal economic development. In support of this, the Department of Indian Affairs and Northern Development, ACOA and the Regional Development Corporation have established the Aboriginal Economic Development Fund for viable Aboriginal projects where funding would otherwise not be available. In 1999-2000, 18 projects have been funded; 9 projects have received financial assistance under the planning component and the remaining projects have received financial assistance under the projects and initiatives component.

The Aboriginal Youth Internship Program in New Brunswick provides Aboriginal youth the opportunity to work and be trained in the field of community economic development. In 1999-2000, ten interns were hired to work in the Regional Economic Development Commissions and the Canada/New Brunswick Business Service Centre. Of the seven youth who completed their internship, three have found full-time employment, and two have been extended for an additional year. A recent evaluation

of the program,[5] recommended that it be extended an additional year. ACOA concluded that this experience must be built upon in order to have greater impact on the host organizations and to provide the interns with greater insights into economic development activities.

Other activities in New Brunswick include entrepreneurship workshops and a pilot Junior Achievement program "The Economics of Staying in School". Attendance at these events was well over 100 Aboriginal youth.

### d. Enhance SME owner/operator management skills

| Aim: | Expectation: | Results: |
|---|---|---|
| Coordinating the completion of research on Business Management Practices (BMP) usage by businesses in Atlantic Canada. | Position paper outlining SME needs and a coordinated approach to address these needs. | A strategic plan was completed outlining future activities to be undertaken by ACOA. |
| Holding a Roundtable of economic development partners in Atlantic Canada to discuss the results of the research and map out the future direction of the BMP effort. | Increased awareness by the economic development partners of the BMP needs of Atlantic SMEs and an agreement on coordinated action. | Consultation sessions were held with economic development partners to allow for input on the BMP strategic plan. |
| Completing the development and/or launch of the following tools: BMP diagnostic tool; inventory/on-line database of training providers; benchmarking/ performance comparison tool. | An increase in the number of ACOA clients who have implemented or re-engineered their management practices, or have otherwise improved their management skills. | The number of firms accessing BMP services increased by over 76% from 1998-1999 to 1999-2000. |

[5] ACOA, *Evaluation of the Aboriginal Youth Internship Program in New Brunswick*, July 2000.

**Accomplishments**

Using the feedback gathered from consultations, a strategic plan was completed outlining future activities to be undertaken by ACOA, in coordination with its partners, to support business management development in Atlantic Canada. These activities will focus on enhancing both the availability and quality of business counselling and the management skills of business owners.

During the 1999-2000 fiscal year, the Agency continued its support to Atlantic SMEs for improvements in their management practices and processes. ACOA provided financial assistance to 30 firms, totalling approximately $2 million, enabling them to undertake human resource development, marketing development, productivity and/or quality improvements. This represents a considerable increase from the previous fiscal year, during which 17 firms were assisted at a total cost of $1.5 million.

### e. Development and commercialization of new technologies, enhanced technology skills and growth sectors

| Aim: | Expectation: | Results: |
|---|---|---|
| Strengthened innovation performance of the Atlantic region through development and commercialization of new technologies, enhanced technology capability and growth of strategic sectors. | 15 new research centre-private sector partnerships. | Target exceeded. |
| | 4 international R&D partnerships. | Target achieved. |
| | 15 Canadian Foundation for Innovation (CFI) projects. | Target exceeded. |
| | Set of new partnership initiatives to strengthen the region's innovation system, increase innovation in strategic sectors and enhance innovation skills. | Target achieved. |

**Accomplishments**

ACOA's emphasis on building and enhancing linkages between the region's key innovation players has contributed significantly to a stronger regional innovation system. Ties have been strengthened between research agencies themselves as well as between research agencies and the private sector. Indeed, 75% of respondents to a survey conducted for a recent evaluation of ACOA's support for innovation indicated that ACOA has contributed to improved research centre-private sector ties while 71% indicated stronger links between research centres.[6]

Several key ACOA-supported research facilities, networks and organizations played a significant role in fostering linkages with the private sector. Based on key organizations that were tracked, it is estimated that more than 30 new key R&D and/or technology commercialization partnerships were established, more than double the 1999-2000 target.

These linkages can be instrumental in creating growth in small companies through the commercialization of technology. A preliminary review of key alliances reported in previous performance reports indicated total employment growth of approximately 500 in participating companies.

ACOA has also succeeded in meeting targets for linking Atlantic firms with international partners. For example, a partnership of Telecom Applications Research Alliance and Goldcare Indutiae Inc. has allowed Atlantic Canada's small high-tech firms to meet with mentors and also access expertise in areas such as venture capital. Three new partnerships have already been set up between United States concerns and Atlantic firms for mentorship and access to financing for commercializing high-tech products.

ACOA's support for higher education has enabled Atlantic Canada's universities to take advantage of CFI funding, with more than 20 new CFI-funded projects in the past year. The evaluation noted above concluded that without ACOA's support, access to CFI funding would have been dramatically lower. However, cuts in funding for universities have meant that CFI funding allocations have not been used to the extent originally anticipated even with the support provided by ACOA.

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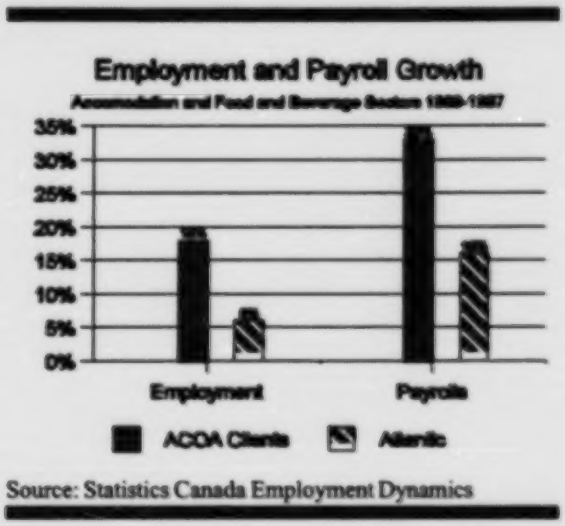
[6] Applied Management, *Evaluation of the Atlantic Canada Opportunities Agency's Innovation and Technology Priority*, May 2000.

The federal government has put in place the Atlantic Innovation Fund – a $300 million fund over five years starting in 2000-2001. This fund will address, based on a partnership/collaborative approach with the region's key innovation players, areas such as:

- stimulating technology and innovation in Atlantic Canada, strengthening the region's capacity to develop and commercialize new technologies, and accelerating the region's transition to a more knowledge-based economy; and,
- partnerships with the private sector and the research community to bridge gaps in current research and development capacity, develop greater connectivity between research institutions and businesses and ensure the commercialization of science and technology results.

### f. Increased Profitability, Investment and Wages in the Tourism Sector

From 1989 to 1997, employment in ACOA-assisted firms in the Accommodation and Food and Beverage sectors has increased by 18% as compared to 6% for all firms in these sectors, which account for 55-60% of total expenditures by tourists. Payroll growth for ACOA tourism clients has increased by 33% as compared to 16% for all firms. In 1997 wages per employee for ACOA-assisted firms were over 9% higher than the average for the industry.




Source: Statistics Canada Employment Dynamics

| Aim: | Expectation: | Results: |
|---|---|---|
| Contribute to the Atlantic Canada Market and Product Development Initiatives and the Atlantic Canada Tourism Showcase to promote Atlantic Canada as a tourism destination. | A return on investment (ROI) of $10 per dollar of marketing campaign investment, and an economic impact of $26 million from the 1999 marketing campaign of the Atlantic Canada Tourism Partnership (ACTP). | Target almost achieved for ROI. |
| | 150 Atlantic Canadian Tourism operators (sellers) and 75 North American tour operators (buyers) to attend Atlantic Showcase '99. | Target achieved for sellers but not for buyers. |
| Contribute to development of services and attraction products and upgrade accommodations infrastructure. | Approximately 50 new projects creating an additional 150 new jobs in the services and attractions sector and maintaining approximately 100 existing jobs. | Target exceeded. |

**Accomplishments**

The Atlantic Canada Marketing Initiative is a yearly project of the ACTP comprised of ACOA, the provincial governments and the private sector. This initiative promotes the entire Atlantic region as a tourism destination in targeted markets.

To build sustainability in the tourism sector, the 1999 campaign aimed to build on the brand equity established by provincial partners in the New England and mid-Atlantic regions of the United States.

Marketing efforts in 1999 yielded a $9.40 return on investment (ROI) with $36.6 million in direct economic returns for the region. When compared to 1998 returns, 1999's ROI was 4% higher. Correspondingly, 1999's economic impact of $36.6 million was 1% higher than that recorded in 1998. Future marketing efforts by the ACTP will continue to strengthen market research activities in support of marketing campaigns in order to improve their effectiveness (ROI).

Source: Various Conversion Studies

Showcase '99, an event to promote Atlantic Canada as a tourism destination, was attended by 52 buyer companies and 255 seller companies. An on-site evaluation of the event found that over half of the sellers attending the Showcase reported experiencing some impact on their sales volume, market visibility, future business and marketing skills.[7] However, over half of the seller companies reported no direct sales as a result of the Showcase. An evaluation of the Atlantic Canada Agreement on Tourism found that through the Showcase and other initiatives, a positive impact has been made on the overall market readiness of the tour operator component of the tourism industry in Atlantic Canada.[8]

In 1999-2000, ACOA far exceeded the goal of creating new projects in the services and attraction products sector. Over 200 new projects were approved, creating an estimated 450 jobs and maintaining approximately 250 jobs. These projects contribute to the development of services and attraction products and upgrading or renovating existing tourism accommodations infrastructure.

[7] Atlantic Canada Tourism Partnership, *Atlantic Canada Showcase 1999, On-site Evaluation*, December 1999.

[8] KPMG Consulting and Collins Management Consulting and Research Ltd., *Final Evaluation Atlantic Canada Agreement on Tourism*, March 2000.

### g. More SMEs engaged in export activities, more export-ready SMEs, existing exporters selling more and to a diversified set of markets

| Aim: | Expectation: | Results: |
|---|---|---|
| Identify potential exporters and provide the training and mentoring required for export readiness. | An annual goal of 80 potential exporters having completed export-readiness training in 1999-2000. | Target exceeded. |
| Provide financial and advisory support to export-ready companies to assist them to establish first-time export sales. | An annual goal of 80 SMEs as successful first-time entrants into the international market. | Target achieved. |
| Engaging companies to establish export networks and launch International Business Development (IBD) trade activities in key markets by developing sector-specific export strategies for those sectors having the greatest export potential/capability. | Detailed export strategies for 3 key sectors with an annual goal of 40 exporters diversifying their international marketing activities into new markets. | Target not achieved. Sectoral export strategies have been developed and 24 exporters are diversifying their international marketing activities into new markets. |

**Accomplishments**

Over 500 SMEs participated in Agency-sponsored export readiness training programs under ACOA Nova Scotia's Trade Outreach training program, ACOA New Brunswick's Export Awareness Sessions and ACOA Prince Edward Island and ACOA Newfoundland Outreach programs.

Over 24 companies and 64 university students participated in the Export Partnering Program, a partnership between ACOA, New Brunswick SMEs and New Brunswick universities. This program provides SMEs with access to inexpensive and comprehensive export knowledge of the US market. The 1999-2000 session concluded with two trade missions to Boston/New York.

As a result of Agency support, 81 SMEs successfully entered the export market.

As just one example, several companies are exporting internationally as a result of funding they received under the Ocean Technology Fund in Newfoundland. The Fund, which focusses on new product development, has supported a number of projects such as Voyage Data Recorder, Marine Monitoring Electronics and Numerical Modelling Software Ship Design. All resulting products are exported internationally.

A survey to follow up on the Business Development Program (BDP) clients who had been identified as first time exporters in 1998 and 1999, indicated very positive results.[9] Of the ACOA-assisted clients interviewed, 100% are still successfully exporting. Further, of the 1998 first time exporters interviewed, all reported an increase in sales over the previous two years.

A review of the Canada-Atlantic Provinces COOPERATION Agreement on International Business Development indicated that, while considerable success had been achieved in developing new exporters, greater focus was needed.[10] It recommended an awareness-building strategy targeting potential exporters and a training approach emphasizing short-term training tailored to the needs of potential, export-ready and new-to-exporting firms.

[9] ACOA, *Follow-up Survey of BDP Supported First Time Exporters - Summer 2000*, July 2000.

[10] Belleclaire Consulting, *Cooperation Agreement on International Business Development 1994-2000 Review*, February 2000.

### h. Increase in Foreign Direct Investment (FDI) in the region

| Aim: | Expectation: | Results: |
|---|---|---|
| Implement an investment research agenda with partners such as Investment Partnership Canada for enhancing Foreign Direct Investment (FDI) in the region. | An investment promotion strategy initiated in 1999-2000 which, in the medium to longer term, results in increased FDI in the region. | Target not met, but efforts have been undertaken to increase cooperation between provinces. |

**Accomplishments**

Efforts to increase cooperation between provinces consisted of the establishment of an Atlantic Investment Cooperation Committee with the four provincial governments (NB, NF, NS, PEI) to optimize regional coordination on a pan-Atlantic scale.

Under the Canada/New Brunswick Regional Economic Development Agreement (REDA), assistance has been provided to market New Brunswick as an international site for companies to locate or expand. Sector areas under Call Centres and Information Technology have been targeted in the USA and Europe. The REDA supported the establishment of 10 new call centres this fiscal year.

### i. Under the COOPERATION Program

| Aim: | Expectation: | Results: |
|---|---|---|
| Provide funding to assist the Atlantic provinces achieve joint economic goals of sustainable job growth through: export development/ import substitution; entrepreneurship development; community economic development; strategic infrastructure; and investment in key sectors. | Increased jobs created and maintained.<br><br>Increased earned incomes.<br><br>Increased domestic/export sales. | Employment gains achieved.<br><br>Working with provinces to develop measurement tools for remaining federal-provincial expectations. |

**Accomplishments**

Key investments were made in areas such as information technology, tourism, innovation, trade, entrepreneurship and business skills development. Emphasis under federal-provincial programming continues to be directed toward non-commercial initiatives as evidenced by 87% of direct jobs either created or maintained falling under this category versus only 13% for commercial initiatives. In 1999-2000, over 1,900 jobs were created or maintained as a result of the COOPERATION Program activity. This estimate is adjusted for incrementality and for indirect and induced job impact.

The following are some examples of COOPERATION initiatives:

**Nova Scotia**
The Life Sciences Industries Partnership (LSIP) is a $1.6 million joint information technology and biotechnology initiative, aimed at establishing Nova Scotia as a leading centre in international life science-related industries. Introduced in 1997, the objective is to transform biotechnology, medical devices and health-related industries into an economic engine resulting in job creation, increased annual exports and new capital investment. Approximately 150 jobs have resulted to date. The initiative has contributed to the 40% growth rate in the Nova Scotia life sciences industry in 1999 (twice the national average).[11]

[11] Life Sciences Industry Partnership, *Year 1 Progress Report and BioNova, Innovacorp and LSIP, Life Sciences Nova Scotia new growth industry*, July 2000.

**New Brunswick**
In 1999-2000, five new tourism capital projects valued at $2.1 million were approved under the Canada/New Brunswick Regional Economic Development Agreement (REDA) as well as five new studies valued at $176,750. In addition, work proceeded on eleven tourism projects approved in previous years involving fiscal year expenditures of $1,238,750.

**Prince Edward Island**
With the closure of CFB Summerside, governments have worked aggressively in transforming the facility into an aerospace park. The aerospace industry in PEI is less than ten years old but currently employs over 400 and has export sales of $120 million. A $1.7 million contribution was made under the Canada/Prince Edward Island Regional Economic Development Agreement (REDA), of which ACOA contributed $1.445 million, in support of infrastructure to offer additional investment opportunities for future prospective tenants in the aerospace park.

**Newfoundland**
Support was provided from the Comprehensive Economic Development Agreement to continue the operation of New South Alliance, an international Flexible Business Network for the marine technology industry in Newfoundland and Labrador. ACOA contributed $100,400 out of the total project costs of $273,200. This network will generate commercial opportunities in the marine industry sector as an extension of the Memorandum of Understanding signed in 1997 between the Government of Newfoundland and Labrador and the South Coast Metropole Partnership, South Coast Marketing Company of the United Kingdom.

The New South Alliance helps provincial marine technology firms gain access to complementary partners for bidding on contracts. The New South Alliance has been working with about 40 small- and medium-sized firms and other related organizations; about two-thirds from Newfoundland and Labrador and one third from the South Coast region of the United Kingdom. The network also works with firms to address some of the challenges of exporting.

## *2) Economic Opportunities for rural Atlantic Canada through Community Economic Development.*

ACOA is engaged in promoting the economic development of Atlantic Canada's rural areas. The Agency is an active participant in the Canadian Rural Partnership (CRP), a group of 28 federal departments and agencies dedicated to ensuring that federal programs, policies and activities provide a coordinated network of support to rural communities.

Along with the financial assistance provided to rural businesses through the Community Business Development Corporations (CBDCs), a large part of ACOA's funding through the Business Development Program (BDP) is invested in the region's rural areas. ACOA also supports the economic development planning process by means of its funding of Community Economic Development Organizations (CEDOs) such as the Regional Economic Development Commissions in New Brunswick, the Regional Economic Development Boards (REDBs) in Newfoundland, the Regional Development Authorities (RDAs) in Nova Scotia and the Economic Development Corporations in Prince Edward Island.

ACOA ensures that rural needs are taken into consideration by applying a rural lens to many of its initiatives. For example, the recently announced Atlantic Investment Partnership (AIP) includes a significant investment of $135 million over the next five years for Community Economic Development (CED).

### a. Support for Community Planning

Many communities have demonstrated initiative and vision. ACOA works with these communities, helping them take responsibility and accountability for their own economic development. The Agency works with the provincial governments and regional and local partners to build communities' capacity to plan and implement self-sustaining viable opportunities for economic development, including opportunities for the region's youth. In 1999-2000 the Agency contributed $6 million to the network of 51 CEDOs to help fund their core operations and planning.

A number of evaluations of CEDOs have been undertaken recently. A principal role of the CEDOs is to advise and counsel entrepreneurs. Evaluations in Nova Scotia and New Brunswick indicate that these services have been well received. The Newfoundland evaluation indicates that progress is being made in building the new zonal approach to Community Economic Development in that province. However

these evaluations have also found that in many rural areas the skills and experience to plan and pursue growth opportunities are not readily available. ACOA is putting measures in place to help communities acquire the training and expertise necessary to improve community-based planning.

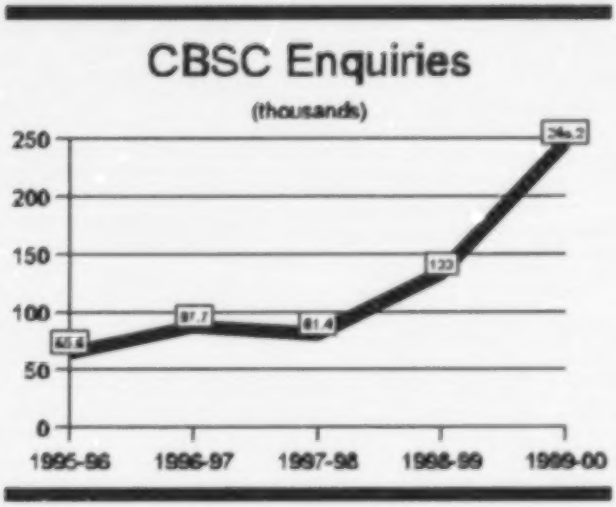
### b. Expanded Access to Government Services

| Aim: | Expectation: | Results: |
|---|---|---|
| Provide Canada Business Service Centre (CBSC) client-centred business-related services. | Maintain a high level of client satisfaction. | Client satisfaction remains above 87% despite an increase in the number of enquiries of over 85%. |
| Facilitate, simplify and provide effective modes of access to government business services to rural and urban communities outside provincial capitals. | Increase access to CBSC information through the Internet and a network of intermediaries such as the Community Business Development Corporations (CBDCs). | Presence on the Internet has been established and service delivery partnership with CBDCs has been put in place. |
| Identify SME support services which can be more effectively delivered at the local level and encourage other federal and provincial government departments to use CBED organizations to deliver their programs. | Increased number of government services/ programs accessible at the local level, particularly in rural areas. | CBDCs have become regionalization partners with the CBSCs, providing enhanced access to business information and government services. |

**Accomplishments**

The CBSCs continue to improve access to their databases for rural communities by using the Internet in their innovative partnerships with intermediaries such as the Community Business Development Corporations (CBDCs) and the Community Economic Development Organizations (CEDOs). Each CBSC in Atlantic Canada has established an Internet presence that provides both rural and urban clients with a full range of on-line services.

Although the workload at the Atlantic CBSCs increased from 133,000 enquiries in 1998-1999 to 246,245 enquiries in 1999-2000, client satisfaction remains above 87%. A recent evaluation by the CBSC National Secretariat[12] that interviewed/surveyed close to 2,000 clients, 120 intermediaries and 75 partners confirmed that all were very satisfied with the services provided. This evaluation notes that in addition to being satisfied with the CBSC services, the clients also found the contact information for referrals to be accurate and in most cases very useful in addressing their needs.




[12] Management Consulting Centre of Consulting and Audit Canada, *Evaluation of the CBSC National Secretariat*, April 1999.

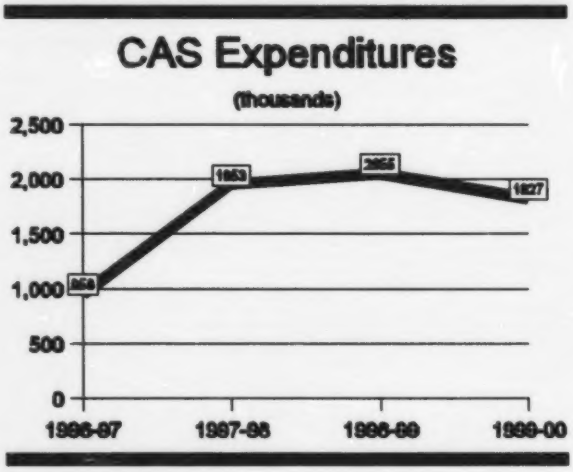
### b. Expanded Access to Government Services (continued)

| Aim: | Expectation: | Results: |
|---|---|---|
| Increase the use of business studies and planning activities. | Increased access to Consulting Advisory Services (CAS) activities by 10% over three years. | Target exceeded. |

**Accomplishments**

ACOA's commitment to CAS has increased dramatically over the past three years. The increase in the CAS budget from 1996-1997 to 1999-2000 was in the order of 90%. An evaluation of the program found that CAS provides a valuable service to SMEs at a very modest cost.[13]

Based on the findings of the evaluation report, the CAS guidelines have recently been updated to better align products available under CAS with the current needs of the client.




[13] ACOA, *Consulting Advisory Services Evaluation Report*, July 1999.

### c. Counselling and financial services by CBDCs

| Aim: | Expectation: | Results: |
|---|---|---|
| Provide contributions to the CBDCs' investment funds to assist SME financing and counselling in rural areas and work with the CBDCs to optimize the use of investment funds. | 3,000 loans over the 1997-1998 to 1999-2000 period. | Target exceeded. |

**Accomplishments**

In 1999-2000, the CBDCs issued over 1,100 loans totalling $34 million, from their community-based investment funds, in support of business establishments and expansions throughout Atlantic Canada. It is anticipated that these loans will create or maintain 2,800 jobs. This estimate is adjusted for incrementality and for indirect and induced job impact. During the last three fiscal years, the CBDCs have provided a cumulative total of 4,050 loans exceeding their three-year target of 3,000 by 1,050 loans, a 35% increase over the planned activity.

### d. Community self-development and alternative employment in areas affected by the closure of the Atlantic Groundfish fishery

In 1999-2000, ACOA introduced a new fisheries adjustment initiative, The Economic Development Component of the Canadian Fisheries Adjustment and Restructuring (CFAR) Initiative. This initiative supports key economic development efforts in areas affected by the downturn in the groundfish fishery. In Nova Scotia, 21 projects were approved under this initiative, committing $11.2 million. These projects involve a range of activity including: building tourism infrastructure; developing the capacity of both community organizations and local business; and, providing skills and infrastructure related to information technology. Projects have also begun in Prince Edward Island, building tourism infrastructure and developing an eco-tourism destination on the western side of the Island.

In Newfoundland, $19.2 million in projects aimed at diversifying the rural economy have been funded under the CFAR initiative. This included activities within the fisheries sector and community development initiatives focussed mainly on tourism enhancements.

The Economic Renewal Agreement (ERA), a five-year, $100 million agreement delivered in Newfoundland, focusses on building the aquaculture, tourism and advanced technology industries in a targeted approach to redress over-dependency on the fishery. Funding in the aquaculture sector has contributed to the significant growth in the industry. The value of production has increased by over 400% in the past four years, from $3.5 million in 1995 to $18 million in 1999. Similarly, the tourism sector has benefited substantially from the ERA. The ERA has been instrumental in assisting Memorial University establish a leadership position in distance education and technology in schools.

In New Brunswick, the Canada/New Brunswick Regional Economic Development Agreement (REDA) supported, for example, the expansion of Le Village historique acadien. This outstanding tourist attraction is an icon of Acadian history in the region.

### *3) Greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region.*

**a. Policy**

| Aim: | Expectation: | Results: |
|---|---|---|
| Coordinated action by key economic stakeholders on a contemporary policy framework for economic development resulting in improved productivity. | Promote greater understanding of the economic challenges and opportunities facing the region. | Input into the Agency's strategic planning process and the federal government's Atlantic Investment Partnership (AIP). ACOA will be developing measures for monitoring economic benefits from the Partnership. |
| | An expansion of the network of policy partners through policy studies and/or roundtables and seminars. | Several studies were produced and conferences were held throughout the year on business skills development and the knowledge-based economy with new partners both within and outside the federal government. |

**Accomplishments**

ACOA's recent policy research on competitiveness, the knowledge-based economy, business skills development, trade, rural and community-based economic development and detailed examinations of particular economic sectors have provided an economic framework to ensure policy decisions are based on solid analytical underpinnings.

Over the past year, much of this research has been used throughout the Agency to develop a new strategic plan and to help establish the new AIP.

ACOA's policy research network has also been expanded outside the Agency with other federal, provincial, private and not-for-profit organizations. Examples include:

- a "Skills Development in the Knowledge-based Economy" conference in partnership with the Policy Research Secretariat, the Atlantic Provinces Economic Council (APEC), Human Resources Development Canada and Industry Canada; followed by a session on the same topic at the national conference of the federal Policy Research Initiative;

- publication, in partnership with APEC, of a document "IT and the Knowledge-based Economy in Atlantic Canada;

- an extensive examination of Community Economic Development in Atlantic Canada in collaboration with the Canadian Institute for Research on Regional Development;

- formation in Prince Edward Island of the Policy Portfolio Secretariat in partnership with Industry Canada;

- development of a long-term operating strategy in Prince Edward Island with colleges and universities;

- various research reports in New Brunswick on topics such as Industrial Innovation Opportunities for Natural Gas, and Development of a Strategy for the Advanced Learning Technologies Sector;

- establishment of a Public Policy Research Centre at Memorial University in Newfoundland; and,

- monthly discussion series in Nova Scotia with federal and provincial departments.

**b. Advocacy**

| Aim: | Expectation: | Results: |
|---|---|---|
| Active pursuit and promotion of Atlantic Canada's interests in respect of national policies, programs, issues and procurement. | Federal policies and programs which are sensitive to the needs of Atlantic Canada. | Advocacy efforts have resulted in a more targeted federal economic policy in the region, for example the Atlantic Investment Partnership (AIP). |

**Accomplishments**

ACOA, as a member of the federal Industry Portfolio, took advantage of its advocacy capacity in fiscal year 1999-2000 to establish closer links with key partners such as the National Research Council Canada (NRC) and Industry Canada (IC). The priority for this enhanced partnering was to develop new approaches for narrowing the productivity, innovation and skills gaps between Atlantic Canada and Canada as a whole.

During this period, ACOA consistently brought Atlantic concerns and issues to bear upon a number of national initiatives including Science and Technology/Innovation, climate change, trade and investment, Canada Research Chairs, Genome Canada, National Centres of Excellence, and physical, knowledge-based and cultural infrastructure.

In 1999-2000, a Centre of Excellence was announced for Newfoundland; one of five Genome Centres is to be located in Atlantic Canada; and a revised approach was accepted under the Research Chairs to ensure greater opportunity for the participation of smaller universities.

In aquaculture, a key innovative sector for Atlantic Canada, ACOA's advocacy efforts have assisted federal regulators in their re-examination of the constraining impacts of specific regulations, policies and management practices on Canadian aquaculture businesses.

The fisheries sector overall has undergone severe restructuring in the past decade due to declining fish stocks. ACOA has been working closely with Fisheries and Oceans Canada on protecting and rewarding efforts to develop new fisheries. As a result, new criteria have been approved that could accelerate the development of a number of new fisheries over the next few years in the region.

ACOA provided advice to policy makers on the economic benefits derived by communities through the lending activities of locally based Community Business Development Corporations (CBDCs). Budget 2000 included increased support for the national network of CBDCs across the country.

Finally, ACOA advocacy efforts focussed on providing assistance to key decision makers for a new approach to regional economic development, the AIP.

**c. Coordination of economic development activities and functions in Atlantic Canada**

The Team Atlantic Mission '99 brought together over 40 Atlantic companies from various sectors for a mission to New England to promote trade and investment opportunities. The mission generated immediate sales of $2.2 million and created 19 full-time jobs. Companies participating in the mission expect long-term sales of $28 million.

Building on the success of this mission, ACOA organized a second Team Atlantic mission to Connecticut, Rhode Island and Southern Massachusetts. The Prime Minister and the Minister of International Trade participated with the four Atlantic Premiers and over 40 Atlantic exporters on this mission. A further 61 companies from the region attended the opening day activities in Boston.

Over the past year, ACOA has worked on the coordination of a proposal for the establishment of a National Research Council Canada (NRC) Bio-resource Centre in PEI and developed a working group and action plan to put in place the all-optical, next generation of Internet infrastructure that will enable PEI businesses to better compete in electronic commerce. The Agency worked with the University of Prince Edward Island in enhancing Natural Sciences and Engineering Research Council of Canada (NSERC) funding in the province and expand PEI's role in the development of its information technology industry.

The Air Accord Program, a multi-year joint marketing venture aimed at increasing tourism traffic and revenue, has shown positive results in Nova Scotia. ACOA and the provincial government have initiatives in place with Air Canada, Icelandair and Canada 3000. In-flight exit surveys and passenger uplift data provided by the airlines demonstrate increased visitation over the 1996 baseline. Visitation increases over the 1996 baseline have been 123% from Europe and 176% from Western Canada.

In Newfoundland, ACOA collaborates with the Federal Regional Council to coordinate economic development policy and programs for rural areas and new opportunity sectors in Newfoundland and Labrador. For example, ACOA has

worked with Industry Canada and Natural Resources Canada to coordinate research on technology transfer applications in the province's oil and gas industry.

**d. Procurement**

| Aim: | Expectation: | Results: |
|---|---|---|
| Participate in the strategy-setting and negotiation of project benefits and inform major corporations and investors of Atlantic Canada capabilities. | Provide maximum opportunity on upcoming major procurement projects for Atlantic Canada to acquire new businesses, technology and investment benefits. | For 1999-2000, $165 million in industrial and regional benefits (IRB). |
| Monitor and participate in the development and implementation of the IRB policy as a result of its evaluation. | An IRB policy that is effective within the Atlantic Canada business context at bringing procurement benefits. | Inclusion of Atlantic Canada and regional benefit considerations in the production of the IRB evaluation study report. |
| Participate in the Canadian Space Agency's (CSA) development of the New Space Plan to promote space and Science and Technology benefits for Atlantic Canada. | Benefits to Atlantic Canada from CSA activities in the region. | Business opportunities on the Next Generation Satcom and Radarsat II projects. |
| Manage existing contractual benefits to Atlantic Canada and participate in ongoing departmental procurement activities. | Improved technological capabilities and skills as well as strengthened business with, and improved investment ties to, international corporations. | Business development activities (supplier conferences, company contacts) in Atlantic Canada by international corporations and Department of National Defence (DND). |

**Accomplishments**

In fiscal year 1999-2000, the majority of Agency activity focussed on working with purchasing departments to build Atlantic business development opportunities into

procurement strategies for a number of major projects. ACOA has also worked in communicating business opportunities on these projects to industry through the organization of regional briefing tours.

The Department of National Defence (DND) is presently entering an up-cycle in its high technology capital procurement with a need to purchase new military vehicles, transport ships, submarines, maritime helicopters, military satellite communications and other military space equipment and services. The inclusion of Atlantic considerations at this early stage will be critical to the realization of contracts, technology transfer and investment for the region from these projects over the next several years.

Similarly, ACOA worked with the CSA in the implementation of a New Space Plan. This new Space Plan includes a policy guideline of 10% regional expenditures. ACOA has advocated with, and worked with CSA over the years to raise this percentage from 0% to 4%. At the request and involvement of ACOA, CSA has commissioned a study of Atlantic Canada's participation in the space program to formulate options to increase the region's participation. In addition, participation in CSA's Next Generation Satellite Communications and Radarsat II projects will result in business opportunities over the next several years. ACOA's actions in this field have facilitated Atlantic Canada's access to the benefits of technology development contracts and funds.

## Performance in the Corporate Administration Business Line

*Ensure that ACOA's resources are efficiently and effectively managed and that administrative systems are in place to support management decision making, accountability and operational control.*

| Aim: | Expectation: | Results: |
|---|---|---|
| Increase the availability of corporate information to assist managers in making effective business decisions. | Develop technical and operational solutions using modern-day automated data warehousing and reporting. | Target achieved. |
| Undertake strategic reviews to determine whether the Agency's major priorities and programs are meeting their objectives. | Evaluation of the Innovation and Technology strategic priority. | Target achieved. |
| Assist Agency managers to obtain better information on the economic benefits of projects in order to improve the effectiveness of ACOA programming. | Implementation of an Agency-wide benefits monitoring system. | Benefits Monitoring System implemented Agency-wide. |

### Accomplishments

The Agency implemented a new Program and Financial Management System. The implementation of this new computer application, that uses client/server technology, enabled further development of add-on data warehouse reporting systems. As a result, there has been considerable improvement in the management of the Agency's client portfolios by Account Managers. The delivery of these reporting tools through web-based user interfaces has further resulted in having to provide only a minimal amount of training to staff.

In addition to improved client portfolio management, there has been a significant reduction in the processing load on the Agency's network infrastructure, due to

technological upgrade. This improvement has positively impacted the delivery of all other application systems within the Agency.

In addition to the Innovation and Technology review, several evaluations were completed; such as ACOA's Young Entrepreneurs ConneXion Seed Capital and Counselling Program; Consulting Advisory Services (CAS); and, Atlantic Canada Agreement on Tourism.

| **Aim:** | **Expectation:** | **Results:** |
|---|---|---|
| Inform the general public and ACOA stakeholders of the Government of Canada's commitment to regional economic development. | Increased public and stakeholders' understanding of what ACOA does, why its work is necessary and what results are delivered; increased awareness of government programs and services, the Industry Portfolio concept and ACOA's role within the Portfolio. | New initiatives including a series of announcements, special events, advertising and other marketing activities; delivery of a series of e-commerce seminars. |
| Implement ACOA's Staffing Accountability Framework. | Increased utilization of newly delegated staffing authorities from the Public Service Commission. | Target achieved. |
| Implementation of UCS and conversion of all ACOA positions. | Simplified and streamlined pay, staffing, and classification. | Implementation strategy postponed by Treasury Board. |
| Develop a new Five-Year Employment Equity Plan. | A renewed focus for Agency efforts at increasing target group representation. | Target achieved, Five-Year Plan has been developed and implemented after consultation with, and approval from, the Canadian Human Rights Commission. |

**Accomplishments**

In order to inform the general public and ACOA stakeholders of the Government of Canada's commitment to regional economic development and ACOA's role, the Agency carried out a variety of initiatives, including the announcement of the Atlantic Investment Partnership (AIP), the announcement of the Economic Development Component of the Canadian Fisheries Adjustment and Restructuring (CFAR) Initiative; the development of a corporate "common look and feel" for all communications material; and the delivery of a series of e-commerce seminars. ACOA also played a leading role in the delivery of communications in support of the Francophone Summit and three Info-Fairs delivered in rural Atlantic Canada.

In the Human Resources area, newly delegated staffing authorities have been implemented and have resulted in expediting staffing actions. The use of casual workers has facilitated short-term staffing requirements. In addition, tools such as the Student Bridging Program have aided in rejuvenating the workforce.

## D Presentation of Financial Information

**Atlantic Canada Opportunities Agency 1999-2000**

| | Development Business Line | Corporate Admin. Business Line | Total Agency |
|---|---|---|---|
| Planned Spending | 320,600,000 | 11,400,000 | 332,000,000 |
| *Total Authorities* | 292,600,000 | 15,300,000 | 307,900,000 |
| **1999-2000 Actuals** | **291,300,000** | **13,700,000** | **305,000,000** |

# Section III - Consolidated Reporting

## a. Year 2000 Date Issue

The Y2K plans and activities performed by ACOA staff resulted in a smooth and successful Y2K transition. All work regarding potential Y2K affected systems and required planning and reporting was completed on time. ACOA was able to implement all required Year 2000 readiness initiatives on a timely basis and, as a result, the Agency did not experience any impact related to the date rollover to the year 2000. Accordingly, the Agency was not required to use any of the planned contingency measures.[14]

## b. Sustainable Development Strategy (SDS)

*Goal #1: Setting an Example in the Environmental Management of ACOA's Operations*

ACOA's environmental policy was developed and circulated via e-mail to 100% of staff and placed on the Intranet. An ISO 14001-compatible framework for the Environmental Management System (EMS) has been developed and will be operational by January 2001. General Sustainable Development (SD) awareness training was offered to 100% of ACOA staff.

Training for Account Managers has been delayed pending the revision of the guidelines to incorporate environmental management procedures. It is expected that training will be completed by December 2000.

The 5% annual reduction in paper consumption has not been fully achieved due to unanticipated demands for printed material. 100% of photocopiers and printers now have the capacity for double-sided printing and most forms are now available electronically.

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[14] ACOA, *Follow-up Review of Year 2000 Issues*, October 1999

*Goal #2: Promoting Sustainable Communities and Business in Atlantic Canada*

100% of projects are screened in accordance with the Canadian Environmental Assessment Agency (CEAA) requirements and ACOA has revised its guidelines for screening projects for application under CEAA. 70% of Account Managers have received CEAA training. ACOA has partnered with Public Works and Government Services Canada (PWGSC) to conduct sample verification of clients' compliance with mitigating measures.

Two outreach documents now include ACOA's policy statement on SD. ACOA's Guide to Developing a Business Plan includes information on how to integrate the concept of SD and eco-efficiency into business planning.

*Goal #3: Advancing the Environmental Industry Sector in Atlantic Canada*

ACOA, partnered with Industry Canada and the Environmental Industries Association, commissioned a study on the state of the Atlantic Canada environmental industry. The Agency will undertake further consultations prior to establishing a strategy in this sector.

For further details on ACOA's Sustainable Development Strategy, please refer to the ACOA web site at http://www.acoa-apeca.gc.ca.

## c. Section 41 of the Official Languages Act

ACOA achieved significant results in implementing the measures set out in its 1998-2000 action plan on Section 41 of the *Official Languages Act*. The Sommet de la Francophonie, held in Moncton in September 1999, was undoubtedly the highlight of the year. The event brought together 52 heads of state and governments from countries who have French as a common language. ACOA, in partnership with the province of New Brunswick, played a prominent role in organizing the event and ensured that the other Atlantic provinces shared in the economic benefits flowing therefrom.

The Summit afforded a high degree of exposure for Atlantic francophone businesses and enabled participants to attend numerous business-related functions on subjects such as investment, economic development, medicine, biotechnology, ocean sciences, sustainable development, innovation and electronic commerce. ACOA contributed $1.7 million to the event. In a report entitled *VIII^e Sommet de la Francophonie - The Legacy*, the economic impact of the Summit and peripheral activities has been evaluated at $78 million.

ACOA's support of francophone communities in Atlantic Canada remains significant. The Agency continues to sit as a member of the National Committee for Canadian Francophone Human Resources Development. Members from ACOA sit on each of the Committee's four sectoral tables: Knowledge-based Economy, Rural Development, Youth in Economic Development and Tourism.

The Agency's regional coordinators assist each of the four Atlantic province coordinating groups on economic development and employability in designing and implementing economic development plans and projects. The Agency's support of economic development projects for francophone groups and associations in each of the Atlantic provinces remains high. Funding continues to be channelled through the Centre Jodrey at Nova Scotia's Université Sainte-Anne; economic diversification projects are ongoing on the Port-aux-Port Peninsula in western Newfoundland; funding is again ensured for the Commission d'expansion économique de la Péninsule acadienne Inc. in northern New Brunswick; and, in Prince Edward Island, the Agency is ensuring ongoing support for the Société de développement de la Baie acadienne Inc.

## d. Service Quality

The Agency is committed to providing superior quality service to its clientele and has taken steps to ensure this principle is reflected in its daily operations. ACOA's President has visited each office and has personally presented to staff his belief in, and commitment to, client service. A quality coordination committee has been established to oversee the implementation of ACOA's service quality strategy. This strategy has been supported and promoted by senior management; has been discussed with staff through presentations in each office; and has been placed on the Agency's Intranet.

ACOA conducts client satisfaction surveys in each region and is in the process of finalizing a corporate survey process. This survey incorporates the Federal Government's common measurement elements of the Innovation and Quality Services group of the Treasury Board Secretariat.

In an effort to promote exceptional client service, ACOA has implemented a category in its annual awards program that recognizes and rewards employee efforts in this regard.

The Agency has also been active in the process improvement area. It has completed a process mapping pilot on a number of activities in the Nova Scotia region to gauge its applicability as a tool for things such as a training guide for new employees, a catalyst for process improvements and a method of standards development.

# Section IV - Financial Performance

## Financial Table 1

### Summary of Voted Appropriations

**Authorities for 1999-00 - Part II of the Estimates**
**Financial Requirements by Authority ($ millions)**

| Vote | | 1999-00 Planned Spending | 1999-00 Total Authorities | 1999-00 Actual |
|---|---|---|---|---|
| | **Atlantic Canada Opportunities Agency** | | | |
| 20 | Operating expenditures | 44.3 | 53.0 | 50.1 |
| 25 | Grants and contributions | 275.4 | 238.7 | 238.7 |
| (S) | Liabilities in Atlantic Canada under the *Small Business Loans Act (SBLA)* | 7.0 | 8.6 | 8.6 |
| (S) | Liabilities for loan or credit insurance pursuant to the *Government Organization Act, Atlantic Canada, 1987* | 1.0 | 2.6 | 2.6 |
| (S) | Contributions to employee benefit plans | 4.3 | 5.0 | 5.0 |
| | **Total Agency** | **332.0** | **307.9** | **305.0** |

**Total Authorities are main estimates, supplementary estimates, and other authorities.**

# Financial Table 2

## Comparison of Total Planned Spending to Actual Spending

**Departmental Planned versus Actual Spending by Business Line ($ millions)**

| Business Lines | FTEs | Operating | Grants and Contributions | Subtotal: Gross Expenditures | Statutory Grants and Contributions | Total Gross Expenditures | Less: Respendable Revenues | Total Net Expenditures |
|---|---|---|---|---|---|---|---|---|
| **Development** | | | | | | | | |
| Planned spending | 290 | 37.2 | 275.4 | 312.6 | 8.0 | 320.6 | | 320.6 |
| *total authorities* | *290* | *42.7* | *238.7* | *281.4* | *11.2* | *292.6* | | *292.6* |
| **Actual** | **335** | **41.4** | **238.7** | **280.1** | **11.2** | **291.3** | | **291.3** |
| **Corporate Administration** | | | | | | | | |
| Planned spending | 100 | 11.4 | | 11.4 | | 11.4 | | 11.4 |
| *total authorities* | *100* | *15.3* | | *15.3* | | *15.3* | | *15.3* |
| **Actual** | **102** | **13.7** | | **13.7** | | **13.7** | | **13.7** |
| **Total** | | | | | | | | |
| Planned spending | 390 | 48.6 | 275.4 | 324.0 | 8.0 | 332.0 | | 332.0 |
| *total authorities* | *390* | *58.0* | *238.7* | *296.7* | *11.2* | *307.9* | | *307.9* |
| **Actual** | **437** | **55.1** | **238.7** | **293.8** | **11.2** | **305.0** | | **305.0** |
| **Other Revenues and Expenditures** | | | | | | | | |
| **Non-respendable Revenues** | | | | | | | | |
| Planned spending | | | | | | | | 38.0 |
| *total authorities* | | | | | | | | *38.0* |
| **Actuals** | | | | | | | | **48.0** |
| **Cost of services provided by other departments** | | | | | | | | |
| Planned spending | | | | | | | | 2.8 |
| *total authorities* | | | | | | | | *2.8* |
| **Actuals** | | | | | | | | **2.8** |
| **Net Cost of the Program** | | | | | | | | |
| Planned spending | | | | | | | | 296.8 |
| *total authorities* | | | | | | | | *272.7* |
| **Actuals** | | | | | | | | **259.8** |

**Note: Numbers in italics denote Total Authorities for 1999-2000 (main and supplementary estimates and other authorities).**
**Bolded numbers denote actual expenditures /revenues in 1999-2000.**
**Due to rounding, columns may not add to totals shown.**

# Financial Table 3

## Historical Comparison of Total Planned Spending to Actual Spending

**Departmental Planned versus Actual Spending by Business Line ($ millions)**

| Business Lines | Actual 1997-98 | Actual 1998-99 | 1999-2000 Planned Spending | 1999-2000 Total Authorities | 1999-2000 Actual |
|---|---|---|---|---|---|
| **Development** | 314.6 | 348.1 | 320.6 | 292.6 | **291.3** |
| **Corporate Administration** | 11.3 | 12.6 | 11.4 | 15.3 | **13.7** |
| **Total** | **325.9** | **360.7** | **332.0** | **307.9** | **305.0** |

**Total authorities are main estimates, supplementary estimates, and other authorities.**

# Financial Table 4

## Resource Requirements by Organization and Business Line

**Comparison of 1999-2000 (RPP) Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line ($ millions)**

| | Business Lines | | |
|---|---|---|---|
| **Organization** | **Development** | **Corporate Administration** | **TOTALS** |
| Policy and Programs | | | |
| Planned Spending | 14.0 | 2.2 | 16.2 |
| *total authorities* | *12.1* | *2.1* | *14.2* |
| **Actuals** | **10.9** | **2.1** | **13.0** |
| Finance and Corporate Services | | | |
| Planned Spending | 3.4 | 5.3 | 8.7 |
| *total authorities* | *5.0* | *7.6* | *12.6* |
| **Actuals** | **4.5** | **7.5** | **12.0** |
| Legal Services | | | |
| Planned Spending | | 0.4 | 0.4 |
| *total authorities* | | *0.4* | *0.4* |
| **Actuals** | | **0.4** | **0.4** |
| Human Resources | | | |
| Planned Spending | 0.1 | 1.0 | 1.1 |
| *total authorities* | *0.1* | *1.2* | *1.3* |
| **Actuals** | **0.1** | **1.0** | **1.1** |
| Regions | | | |
| Planned Spending | 303.1 | 2.5 | 305.6 |
| *total authorities* | *275.4* | *4.0* | *279.4* |
| **Actuals** | **275.8** | **2.7** | **278.5** |
| TOTALS | | | |
| Planned Spending | 320.6 | 11.4 | 332.0 |
| *total authorities* | *292.6* | *15.3* | *307.9* |
| **Actuals** | **291.3** | **13.7** | **305.0** |
| % of TOTAL | 95.5% | 4.5% | 100% |

**Note: Numbers in italics denote Total Authorities for 1999-2000 (main and supplementary estimates and other authorities).**
**Bolded numbers denote actual expenditures /revenues in 1999-2000.**
**Due to rounding, columns may not add to totals shown.**

# Financial Table 5

## Non-respendable Revenues

| Non-respendable Revenues by Business Line ($ millions) | | | | | |
|---|---|---|---|---|---|
| | | | 1999-2000 | | |
| Business Lines | Actual 1997-98 | Actual 1998-99 | Planned Revenues | Total Authorities | Actual |
| Development | 28.5 | 36.4 | 38.0 | 38.0 | 48.0 |
| **Total Non-respendable Revenues** | **28.5** | **36.4** | **38.0** | **38.0** | **48.0** |

**Total authorities are main estimates, supplementary estimates, and other authorities.**

# Financial Table 6

## Statutory Payments

| Statutory Payments by Business Line ($ millions) | | | | | |
|---|---|---|---|---|---|
| | | | 1999-2000 | | |
| Business Lines | Actual 1997-98 | Actual 1998-99 | Planned Spending | Total Authorities | Actual |
| Development | 12.3 | 10.8 | 8.0 | 11.2 | 11.2 |
| **Total Statutory Payments** | **12.3** | **10.8** | **8.0** | **11.2** | **11.2** |

**Total authorities are main estimates, supplementary estimates, and other authorities.**

# Financial Table 7

## Transfer Payments

**Transfer Payments for the Development Business Line ($ millions)**

| Business Lines | Actual 1997-98 | Actual 1998-99 | 1999-2000 Planned Spending | 1999-2000 Total Authorities | 1999-2000 Actual |
|---|---|---|---|---|---|
| **Grants** | 0.7 | 1.0 | 5.0 | 5.0 | **4.1** |
| **Contributions** | 264.2 | 307.3 | 278.4 | 244.9 | **245.8** |
| **Total Transfer Payments** | **264.9** | **308.3** | **283.4** | **249.9** | **249.9** |

**Total authorities are main estimates, supplementary estimates, and other authorities.**

# Financial Table 8

## Contingent Liabilities

**Contingent Liabilities ($ millions)**

| List of Contingent Liabilities | Amount of Contingent Liability March 31, 1998 | March 31, 1999 | Current as of March 31, |
|---|---|---|---|
| **Loans** | | | |
| Loan guarantees | 16.1 | 12.5 | 7.9 |
| **Claims, Pending and Threatened Litigation** | | | |
| Litigations | 4.0 | 10.0 | 10.0 |
| Non-litigations | | | |
| **Total** | | | **17.9** |

# Section V - Departmental Overview

## 1 *Mandate and Mission*

The Agency derives its mandate from Part I of the *Government Organization Act, Atlantic Canada 1987, R.S., c. G-5.7*, otherwise known as the *Atlantic Canada Opportunities Agency Act.* The Act provides ACOA with a broad mandate for economic development in Atlantic Canada.

***ACOA Mandate***

*To increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region.*

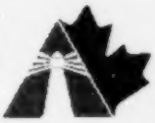
To fulfill its mandate the Agency pursues two distinct activities:

a) *ensuring that a wide variety of business development tools and resources serve the diverse needs of the region's emerging and existing entrepreneurs; and,*

b) *ensuring that all economic development programs and activities in Atlantic Canada are coordinated and designed to improve the climate for business growth generally.*

ACOA works to enhance the competitive strength of SMEs in the region. In Atlantic Canada over 97% of newly created businesses are small- or medium-sized firms with less than 100 employees. SMEs create 63% of new jobs.

***ACOA Mission***



To work in partnership with the people of Atlantic Canada toward the long-term economic development of the region.

To meet its mandate of increasing opportunity for economic development in Atlantic Canada, ACOA's mission statement embraces the principle of partnership. The Agency has put in place an extensive network, plus the structures necessary to carry out this mandate.

## 2 *Operating Environment*

### a. Position within the Government

ACOA operates within the Industry Portfolio, which includes 14 departments and agencies that report to Parliament through the Minister of Industry. The Portfolio's mandate, mission, objectives, priorities and services reflect the federal government's goal to advance the government's jobs and growth agenda:

- growth of small- and medium-sized business (SME);
- trade and investment;
- innovation through science and technology; and,
- employment opportunities for young people.

The foundation of the Portfolio approach is a commitment by its members to effective cooperation and partnerships, a concept which is central to how ACOA addresses the needs and opportunities of Atlantic Canadian SMEs.

ACOA's work in 1999-2000 contributed to progress in many government-wide priorities outlined in the October 1999 *Speech from the Throne*. To implement its jobs and growth agenda, the Government prioritized work in strengthening the relationship with Canada's Aboriginal people, building a dynamic economy, developing our youth and advancing Canada's place in the world. This report illustrates some the of Agency's achievements in these priority areas.

## 3 *Departmental Organization*

### a. Activity Structure

ACOA's program is divided into two main business lines: Development and Corporate Administration. The majority of ACOA's efforts toward the attainment of its objectives are accounted for under Development. The Corporate Administration business line isolates the administrative functions of the Agency from the direct program-related business of the organization.

### b. Organization Structure

ACOA's Head Office is located in Moncton, New Brunswick. Head Office components are the President's office, Policy and Programs, Finance and Corporate Services, Legal Services and Human Resources. The organizational structure is depicted on the following page.

In each provincial capital in Atlantic Canada, regional Vice-Presidents are responsible for the delivery of ACOA programs. In Sydney, Nova Scotia, the Vice-President of Enterprise Cape Breton Corporation (ECBC) is responsible for delivering most of ACOA's programs in Cape Breton. Each Vice-President is equipped with Ministerial-delegated authorities to approve projects and proposals occurring in his/her area of responsibility.

Through its Ottawa office, ACOA advocates the interests of Atlantic Canadians in the development of national policies and programs, including the interests of the region's entrepreneurs related to federal procurement.

ACOA legislation provides for an ACOA Advisory Board. The Board is composed of the President of ACOA and seven other members who represent all areas in Atlantic Canada.

The President of ACOA is also, ex officio, the Chairperson of the Board and CEO of ECBC. ECBC is a Crown Corporation established by legislation to promote and assist the financing and development of industry on Cape Breton Island, to provide employment outside the coal-producing industry and to broaden the base of the economy of Cape Breton Island. While ECBC and ACOA have a close working relationship and many ACOA programs are delivered in Cape Breton through the Corporation, ECBC is a separate entity and reports separately to Parliament through the Minister and the Secretary of State and it is therefore not included in this document.

## Organizational Structure

# Section VI - Other Information

## 1 *Contacts for Further Information*

**Finance and Corporate Services**
Peter Estey
Vice-President, Finance and Corporate Services
(506) 851-6438

**Policy and Programs**
Paul LeBlanc
Vice-President, Policy and Programs Branch
(506) 851-3550

**Departmental Performance Report**
Terry Thomas
Director General, Review Services Division
(506) 851-2956

**ACOA Head Office**
P.O. Box 6051, 644 Main Street
Moncton, New Brunswick
E1C 9J8

Toll Free: (800) 561-7862
Telephone: (506) 851-2271
Fax: (506) 851-7403

**Internet Address:**
http://www.acoa-apeca.gc.ca

## 2 *Legislation Administered by ACOA*

The Minister for ACOA has sole responsibility to Parliament for the following Act:

*Government Organization Act, Atlantic Canada, 1987,* (R.S.C., 1985, c. -G-57), as amended.

The Minister for ACOA shares responsibility to Parliament for the following Acts:

*Small Business Loans Act (SBLA)* (R.S.C., 1985, c.-S-11), as amended.

*Canada Small Business Financing Act*, (R.S. 1998, c.36)

*Special Areas Act* (R.S.C., 1985, c.S-14)

## 3 *List of Statutory Reports and Other Agency Reports*

Agency Performance Report for the period ending March 31, 1999

2000-2001 Report on Plans and Priorities

Five-Year Report to Parliament, 1993-1998

These reports may be found at ACOA's website: http://www.acoa-apeca.gc.ca

## 4 *List of Offices*

### a. Atlantic Canada Opportunities Agency

| | |
|---|---|
| ACOA Head Office<br>P.O. Box 6051<br>644 Main Street<br>Moncton, New Brunswick<br>E1C 9J8 | (506) 851-2271 (General)<br>(506) 851-7403 (Fax) |
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